

## Message Text

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PAGE 01 JAKART 10634 070723Z  
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 XMB-02 COME-00 ACDA-12 MCE-00  
TRSE-00 PM-05 NSC-05 SP-02 SS-15 OMB-01 HA-05  
CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 ICA-11 AID-05  
H-01 FRB-03 /097 W  
-----118659 070728Z /11  
R 070400Z AUG 78  
FM AMEMBASSY JAKARTA  
TO SECSTATE WASHDC 0678

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PASS EXIMBANK

E.O. 11652: N/A  
TAGS: EAIR, BEXP, EGEN, ID  
SUBJECT: POTENTIAL SALE OF LOCKHEED L-100

REF: JAKARTA 9729 AND PREVIOUS

1. SIXBJBQGC##LOCKHEED DEMONSTRATION FLIGHTS FOR THE TRANS-MIGRATION PROGRAM HAVE FAVORABLY IMPRESSED GOI AND ASSUMING A SATISFACTORY FINANCING PACKAGE CAN BE WORKED OUT, THE US COMPANY IS LIKELY TO BAG THIS LARGE SALE.

2. LOCKHEED REGIONAL SALES MANAGER HARRISON INFOMRED EMBASSY AUGUST 3 THAT GABONESE-OWNED L-100 HAS BEEN CARRYING OUT DEMONSTRATION FLIGHTS FOR INDONESIA'S TRANSMIGRATION PROGRAM FOR THE PAST TEN DAYS. TWICE DAILY FLIGHTS BETWEEN JAVA AND CENTRAL SUMATRA HAVE CARRIED AN AVERAGE IN EXCESS OF 100 TRANSMIGRANTS. MINISTER FOR MANPOWER AND TRANSMIGRATION HARUN ZAIN MADE ONE FLIGHT AND MINISTER OF COMMUNICATIONS RUSMIN IS EXPECTED TO DO SO BEFORE THE DEMONSTRATION IS COMPLETED. HARRISON SAID BOTH HE AND THE GOI HAD BEEN HIGHLY PLEASED BY THE FACT THAT THE L-100'S ACTUAL PER-  
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FORMANCE HAD EXCEEDED ITS ESTIMATED PERFORMANCE.

3. FINANCING FOR THE PROPOSED SALE IS NOT YET FIRM BUT HARRISON EXPRESSED CONFIDENCE THAT IT WOULD BE NO PROBLEM. LOCKHEED'S PREFERRED SOURCE IS THE CHALEGARD BANK OF LONDON, WHICH HAS EXPRESSED A WILLINGNESS TO FINANCE THE PROJECT "AT TERMS BETTER THAN INDONESIA IS OBTAINING

ELSEWHERE." HOWEVER, SINCE THE BANK HAS REFUSED TO DIVULGE TO LOCKHEED THE DETAILS OF ITS PROPOSAL, HARRISON WAS UNABLE TO COMMENT ON IT TO US. (COMMENT: WE FIND IT UNUSUAL THAT A MAJOR CORPORATION SEEKING TO MAKE A VERY LARGE SALE IS NOT IN A POSITION TO DETAIL ITS FINANCING PROPOSAL BUT CAN STATE ONLY THAT THAT PROPOSAL WILL BE SUFFICIENT.) SHOULD THE CHALEGARD OPTION FALL THROUGH THE SECOND CHOICE IS MITSUI OF JAPAN, WHICH ACCORDING TO HARRISON HAS EXPRESSED A WILLINGNESS EITHER TO FINANCE THE PURCHASE OF THE PLANES BY THE GOI OR TO WORK OUT A PURCHASE/LEASE ARRANGEMENT. THE THIRD CHOICE IS US EXIM BANK.

4. HARRISON ANTICIPATES THAT A PRESIDENTIAL DECISION TO USE AIRCRAFT AS THE PRIMARY MEANS OF MOVING TRANS-IGRANTS WILL BE MADE THIS MONTH. (EMBASSY COMMENT: WE BELIEVE THIS DECISION HAS ALREADY BEEN MADE. SEE REF.) IN SEPTEMBER A DECISION WILL BE MADE BETWEEN THE L-100 AND TRANSALL, AND EHE GELOWING MONTH THE CONTRACT WILL BE SIGNED.

5. HARRISON SAID VARIOUS GOI OFICIALS HAD BEEN HIGHLY COMPLIMENTARY OF THE LOCKHEED PLANE'S PERFORMANCE AND MANY OF THEM HAVE HINTED THAT LOCKHEED WILL GET THE SALE. HE HIMSELF SEEMS TO SHARE THIS VIEW. ASSUMING THAT FINANCING DOES NOT PROVE TO BE AN OBSTACLE, WE AGREE THAT LIMITED OFFICIAL USE

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LOCKHEED IS NOW IN A FAVORABLE POSITION TO MAKE THE SALE, WHICH IS NOW EXPECTED TO TOTAL NEARLY A QUARTER OF A BILLION DOLLARS.  
BACON

NOTE BY OC/T: ##AS RECEIVED.

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Reference:** 78 JAKARTA 9729  
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**Review Markings:**  
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